

**MEDIA DEVELOPMENT EQUITY FUND, LLC**

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By Fax

January 29, 2007

Mr. Franjo Butorac  
Novi list, d.d.  
Zvonimirova 20a  
Rijeka, Croatia

RE: OPTION AGREEMENT BETWEEN NOVI LIST D.D. AND MEDIA  
DEVELOPMENT EQUITY FUND, LLC DATED OCTOBER 28, 2007

NOTICE OF TERMINATION

WHEREAS, pursuant to Article 7 of the above referenced Option Agreement (the "Option Agreement"), the Option Agreement and the Option thereunder shall automatically terminate upon the occurrence of any one of events set forth in Article 7.1 and/or Article 7.2;

WHEREAS, pursuant to Article 7.2 the breach of any of the provisions of the Credit Agreement by Rijecki list automatically terminates the Option Agreement and the Option;

WHEREAS, pursuant to Article 7.2, a copy of the notice of default by MDLF to Rijecki list constitutes sufficient evidence of any such breach;

WHEREAS, MDLF served the Notice of Default, a copy of which is attached hereto as Exhibit 1, on Rijecki list on January 29, 2007;

WHEREAS, pursuant to Article 7.1.2 breach of any of the provisions of the Option Agreement by Novi list; automatically terminates the Option Agreement and the Option;

WHEREAS, through various acts, including but not limited to its actions to terminate the chief executive officer and to appoint the new chief executive officer of Novi list, Novi list breached Section 5.1.1 of the Option Agreement, which requires Novi list to conduct its business (i) with due diligence and efficiency, (ii) in compliance with all applicable laws, regulations and orders of any governmental authority, (iii) in conformity with the general practice of independent, non-partisan, pluralistic, tolerant and responsible media; and (iv) in accordance with sound financial and accounting practices; and

WHEREAS, through various acts, including but not limited to its actions to terminate the chief executive officer and to appoint the new chief executive officer of Novi list, Novi list breached Section 5.2.1 of the Option Agreement, which requires Novi list not to take any action which in any manner would be inconsistent with the Option Agreement;

THEREFORE, Media Development Equity Fund (the "Equity Fund") hereby notifies Novi list of the following:

1. The Equity Fund considers that the Option Agreement and the Option in favor of Novi list established thereunder have automatically terminated pursuant to Articles 7.1 and 7.2 of the Option Agreement as of the date of the occurrence of the above events.
2. Pursuant to Article 7.3 of the Option Agreement, the Equity Fund shall hence forth have the right to dispose of all of its shares in Novi list d.d. in any way that it sees fit without restrictions of any nature whatsoever, and in particular without regard to any pre-emptive rights and without obtaining approval of the Interested Third Party, as defined in the Option Agreement, under Article 6.4 of the Option Agreement.

~~LOAN~~  
MEDIA DEVELOPMENT <sup>EQUITY</sup> FUND, INC.



Harlan M. Mandel  
Deputy Managing Director

Cc. Zdenko Mance, Chair, Supervisory Board  
Eleonora Marac, Counsel

Exhibit 1 Notice of Default  
(attached)